



**COLORADO  
PERA®**  
*Record of Proceedings*

**Colorado Public Employees' Retirement Association  
Board Meeting Minutes**

1300 Logan Street  
Denver, Colorado  
November 18, 2005  
9:00 a.m.

**Trustees Present:** James Casebolt, Board Chair, Mark Anderson, Board Vice Chair, Sara Alt, Susan Beeman, Donna Bottenberg, F. Elizabeth Friot, Joanne Hill, Mark Hillman (present after 1:30 p.m.), Patricia Kelly, Maryann Motza, Amy Nichols, Scott Noller, Marcus Pennell, Ben Stein (present until 1:44 p.m.), Carole Wright

**Trustees Absent:** Tamela Long, Scott Murphy (participated via conference call at 1:30 p.m.)

**Staff Present:** Lisa Fedak, Rob Gray, Katie Kaufmanis, David Maurek, Brenda Meidl, Kim Natale, Jennifer Paquette, Gregory Smith, John Spielman, Meredith Williams

James Casebolt, Board Chair, called the meeting to order at 9:00 a.m.

**Approval of Agenda**

A motion was made by Sara Alt and seconded by Susan Beeman, that *"the Board Agenda be approved as published."* The motion was approved.

**Approval of October 21, 2005, Board Meeting Minutes**

James Casebolt, Board Chair, informed the Board of amendments that were made to the minutes, which included the change to the verbiage that clarified the Approval of the Agenda, that the amendment to that motion was accepted by the maker and the seconder. Also, Mark Anderson, Vice Chair, provided clarification on the amendment that was made to the Administrative Review Hearing item that Sara Alt, James Casebolt, and Patricia Kelly did not participate during the discussion and did not vote.

A motion was made by Patricia Kelly and seconded by Carole Wright, that *"the October 21, 2005, minutes be approved as amended."* The motion was approved.

**Public Comment**

No public comment.



### **Executive Committee Report**

Mark Anderson, Board Vice Chair, reported that the Executive Committee had met in the morning and approved the October 21, 2005, Executive Committee minutes and reviewed the August 31, 2005, Unaudited Financial Statements and the October 31, 2005, Budget Report. They also reviewed information on monthly operations. Finally, they reviewed the agenda for the day's meeting.

### **Proclamation**

Mark Anderson, Board Vice Chair, moved that *"the Board adopt the following proclamation concerning Jane Stanfield, Executive Assistant."* The motion was approved by acclamation.

#### **PROCLAMATION CONCERNING JANE STANFIELD**

*Whereas, Jane Stanfield served five years as the Assistant to the Executive Director and the Trustees on the Board of the Public Employees' Retirement Association of Colorado (Colorado PERA), and*

*Whereas, through Jane's enthusiasm, sincerity, dedication, and untiring efforts, she earned the trust and confidence of members of the Colorado PERA Board, staff, and members of other public retirement industry organizations, and*

*Whereas, Jane has decided to leave her staff position and pursue volunteer services with several humanitarian organizations around the world;*

*Now, therefore be it resolved, that with deep appreciation and congratulations, the Board of Trustees of Colorado PERA formally recognize and thank Jane Stanfield for her dedicated and conscientious service to the Board of Trustees and staff of Colorado PERA, and wish her much success as she undertakes her new adventures, and*

*Resolved, that a copy of this Resolution be placed in the official minutes of the November 18, 2005, PERA Board of Trustees' meeting.*

*Submitted by James Casebolt, Board Chair  
Colorado Public Employees' Retirement Association  
November 18, 2005*



## **Committee Reports**

### **Benefits Committee**

Amy Nichols, Benefits Committee Chair, reported that the Committee had met the previous day and had received an update on PERACare and the open enrollment held in October and November. The Committee also discussed payout of accumulated leave at retirement, looked at practices of other plans related to salary spiking and proposed legislation, and will continue to monitor accumulated leave payout as needed. Finally, Ms. Nichols reported that information was provided to the Committee regarding the avian flu threat and stated that PERA continues to prepare for any type of disaster that might affect the ability to operate the trust fund and pay benefits.

### **Compensation and Budget Committee**

Sara Alt, Compensation and Budget Committee Chair, reported that the Committee had met the previous day and heard a report by Greg Wolf, Hay Group Consultant, regarding PERA's compensation and employee leave policy. Ms. Alt explained the new 520-hour maximum accumulation on leave and the new short-term disability program that will be added to the PERA employee benefit policy implemented January 2006. Finally, Ms. Alt also informed the Board of items that would be brought to the full Board in December: modification of the expense reimbursement policy and inclusion of Investment department incentives as PERA salary.

### **Investment Committee**

Marcus Pennell, Investment Committee Chair, reported that the Committee had met the previous day and had received a report from Ennis Knupp's Brian Birnbaum, Richard Ennis, and Rowland Davis regarding the asset/liability study. Information will be transmitted to Trustees for consideration at the December Board meeting. Finally, Mr. Pennell informed the Board that a decision on the benchmarks to be used in 2006 would be brought to the full Board in December.

### **Shareholder Responsibility Committee**

Donna Bottenberg, Shareholder Responsibility Committee Chair, reported that the Committee had met the previous day and the Committee had received a report from staff and received information about proxy voting services provided by Institutional Shareholder Services/Investor Responsibility Research Center (ISS/IRRC) and Glass Lewis. At the conclusion of the discussion, a motion was passed by the Committee directing that Glass Lewis be retained to provide all proxy voting recommendation services for PERA.

## **2006 Budget**

Sara Alt, Compensation and Budget Committee Chair, reviewed the 2006 Budget that was distributed at the October 21, 2005, Board meeting and was transmitted to Trustees as Tab B on November 11, 2005.

A motion was brought forth by the Compensation and Budget Committee, that *"the Board approve the 2006 operating budget in the amount of \$37,537,597."*



A motion to amend the forgoing motion was made by Ben Stein and seconded by Joanne Hill, that *“the eligibility for investment professional merit increases be eliminated from the 2006 Budget.”* Discussion ensued regarding the amendment. The amendment failed with one vote in favor.

The original motion was approved with one dissenting vote made by Ben Stein.

### **2006 Election Calendar**

Kim Natale, Chief Administrative Officer, reviewed the 2006 Election Calendar that was transmitted to Trustees as Tab C on November 11, 2005. Mr. Natale announced that the seats available for election were in the School, State, and Municipal Divisions, the candidacy packets will be available January 3, 2006, and the candidate list will be available March 14, 2006. Finally, Mr. Natale responded to questions.

A motion was made by Amy Nichols and seconded by Sara Alt, that *“the 2006 Board Election Calendar be approved as published.”* The motion was approved.

### **Alternative Investments Recommendations**

James Casebolt, Board Chair, requested that the Board go into Closed Executive Session to discuss pending private equity investment issues required to be kept confidential by C.R.S. § 24-51-213. Mr. Casebolt polled the Trustees in attendance and received the consent of all members present to go into Closed Executive Session at 9:47 a.m. In addition to the Trustees, and the General Counsel, the Executive Director, the three Chief Officers, the Directors of Government Relations, Internal Audit, and Communications, and the Legal Administrative Assistant remained present for the Closed Executive Session.

The Closed Executive Session concluded at 10:36 a.m.

"By my signature below, I certify that the only issues discussed by the members of the Board during the Closed Executive Session were regarding pending private equity investment issues required to be kept confidential."

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James Casebolt, Chair

A motion was made by Marcus Pennell and seconded by Patricia Kelly, that *“the Board approve a commitment of up to and including \$150 million in the Apollo Investment Fund VI, L.P. subject to staff’s satisfaction with final due diligence and final legal negotiations.”* The motion was approved.

A motion was made by Marcus Pennell and seconded by Patricia Kelly, that *“the Board approve a commitment of up to and including \$150 million in the Blackstone Capital Partners V, L.P. subject to staff’s satisfaction with final due diligence and final legal negotiations.”* The motion was approved.



The Board recessed for a break at 10:38 a.m. and reconvened at 10:51 a.m.

### **Monthly Reports**

#### **Executive Director Report**

Meredith Williams, PERA Executive Director, reviewed the regular monthly information report, which was transmitted to Trustees as Tab D on November 11, 2005.

#### **Market & Portfolio Update**

Jennifer Paquette, Chief Investment Officer, reviewed the investment market and portfolio performance, which was transmitted to Trustees as Tab E on November 11, 2005. Ms. Paquette reminded the Board that the asset/liability study would be presented at the December meeting for consideration.

#### **DC Plan Update**

David Maurek, Chief Operating Officer, reviewed the current status regarding the DC Plan to be implemented January 2006, and provided a handout on investment default options for the Board to consider at the December meeting. Mr. Maurek responded to questions.

#### **General Counsel Update**

Gregory W. Smith, General Counsel, reported on an administrative error correction pursuant to C.R.S. § 24-51-205(6) (b). Mr. Smith announced that he is co-chair for the National Association of Public Pension Attorneys (NAPPA) Insurance Working Group, which will be looking at the different aspects of insurance issues that face public pension plans.

### **Signature Authorization Changes**

Mr. Smith stated that the Board may wish to consider the following updated resolution in order that the language is current:

**CERTIFICATE OF RESOLUTION  
by the Board of Trustees of the  
Public Employees' Retirement Association of Colorado**

In the regular meeting on the 18th day of November 2005, the Board of Trustees of the Public Employees' Retirement Association adopted the following resolution:

WHEREAS, the Board of Trustees ("Board") of the Public Employees' Retirement Association of Colorado ("PERA") has the responsibilities, duties and authorities as set forth in the PERA Statutes (C.R.S. §§ 24-51-101, *et seq.*);

WHEREAS, C.R.S. § 24-51-205(6)(a) authorizes the Board to delegate any of its responsibilities, duties and authorities as set forth in the PERA Statutes to the Executive Director of PERA or designated agents of PERA;



WHEREAS, C.R.S. § 24-51-207(1) states that the Trustees of the Board shall be held to the standard of conduct of a fiduciary in the discharge of their functions; and

WHEREAS, the Board believes that it is prudent in carrying out the Board's responsibilities, duties, and authorities to authorize the Executive Director and/or any Chief Officer of PERA to execute, on behalf of PERA, any and all documents and instruments in all matters and transactions relating to any business of PERA, including but not limited to any security, investment, investment agreement, contract or other document;

NOW, THEREFORE, BE IT RESOLVED, that Meredith Williams, Executive Director; and/or David F. Maurek, Chief Operating Officer; Kim Natale, Chief Administrative Officer; and Jennifer Paquette, Chief Investment Officer; be and are hereby authorized to execute, on behalf of PERA, any and all documents and instruments in all matters and transactions relating to any business of PERA, including without limitation, to hold, manage, control, improve, partition, invest, reinvest, sell, exchange, grant, convey, deliver, assign, transfer, lease, option, mortgage, pledge, borrow, contract, bargain, agree, purchase, assign, endorse, transfer, pay, make, execute and/or deliver on behalf of PERA any monies, security instrument, guarantee, application, representation, affidavit, letter, statement, warranty, waiver, receipt, release, assignment, transfer, note, certificate, stock, bond, investment, investment agreement, contract and/or other document, instrument or undertaking.

I hereby certify that the forgoing Resolution is a full, true, and correct copy of the Resolution duly adopted on the 18th day of November, 2005, by the Board of Trustees of the Public Employees' Retirement Association of Colorado ("PERA"). I further certify that due notice of the meeting was duly given to each Trustee and that a quorum was present at the meeting.

I further certify that the Resolution is still in full force and has not been amended or revoked.

And I further certify that Meredith Williams, Executive Director; David F. Maurek, Chief Operating Officer; Kim Natale, Chief Administrative Officer; and Jennifer Paquette, Chief Investment Officer; are on the date of this certification, and are presently, duly qualified and acting in the capacity indicated.

Dated this 18th day of November 2005.

James Casebolt, Chairman of the Board of Trustees  
Public Employees' Retirement Association of Colorado

A motion was made by Patricia Kelly and seconded by Carole Wright that, "*the forgoing resolution be adopted.*" The motion was approved.



**General Counsel Update (Continued)**

Mr. Smith then requested the Board go into Closed Executive Session to address pending or imminent litigation and legal advice on specific legal questions regarding PERA, pursuant to C.R.S. §§ 24-6-402(3)(a)(2) and 24-6-402(4)(b). James Casebolt, Board Chair, polled the Trustees in attendance and received the consent of all members present to go into Closed Executive Session at 11:42 a.m. In addition to the Trustees, and the General Counsel, the Executive Director, the Chief Operating Officer, the Chief Administrative Officer, the Directors of Government Relations, Internal Audit, and Communications, and the Legal Administrative Assistant remained present for the Closed Executive Session.

The Closed Executive Session concluded at 12:30 p.m.

"By my signature below, I certify that the only issues discussed by the members of the Board during the Closed Executive Session were regarding pending and threatened litigation as well as legal advice related to specific questions involving PERA constituting attorney client communication."

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James Casebolt, Chair

The Board recessed for lunch at 12:31 p.m. and reconvened at 1:34 p.m. Mark Hillman arrived at 1:34 p.m.

**Legislative Report**

Rob Gray, Director of Government Relations, reported on state and federal legislative developments, which were transmitted to Trustees as Tab E on November 11, 2005. Mr. Gray responded to questions. Ben Stein left the meeting at 1:44 p.m. and did not return.

Mr. Gray then asked that the Board go into Closed Executive Session pursuant to C.R.S. §24-6-402 (4) (e) and (g). The issues discussed involved determining positions on legislative matters that may be subject to negotiation; developing strategy for negotiations; and instructing negotiators, as well as review of work product prepared at the direction of Board of Trustees, the confidentiality of which is mandated. The Board was advised that David Milstead, a reporter from the *Rocky Mountain News*, had voiced the newspaper's objection to the Closed Executive Session. James Casebolt, Board Chair, polled the Trustees in attendance and received the consent of all Board members present to go into Closed Executive Session at 1:44 p.m. In addition to the Trustees and the General Counsel, the Executive Director, the Chief Operating, Administrative, and Investment Officers, the Directors of Government Relations, Internal Audit and Communications, the Legal Administrative Assistant, the PERA contract Lobbyists, and the actuaries retained by the Board remained present for the Closed Executive Session.

The Closed Executive Session concluded at 4:45 p.m.



"By my signature below, I certify that the only issues discussed by the members of the Board during the Closed Executive Session were regarding determining positions on legislative matters that may be subject to negotiation; developing strategy for negotiations; and instructing negotiators as well as review of work product prepared at the direction of Board of Trustees, the confidentiality of which is mandated."

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James Casebolt, Chair

### **Board Meeting Dates**

James Casebolt, Board Chair, asked for comments or discussion regarding the following 2006 Board meeting dates:

January 20, 2006  
February 10, 2006  
March (16)17, 2006  
April 21, 2006  
June (15)16, 2006  
July 19-21, 2006 (Planning Session)  
September (14)15, 2006  
October 20, 2006  
November (16)17, 2006

A motion was made by Patricia Kelly and seconded by Sara Alt that, *"the 2006 Board Meeting Dates be approved as published."* The motion was approved.

### **Other Business**

With no further business to discuss, Mr. Casebolt adjourned the meeting at 4:46 p.m.

### **2005 Board Meeting Dates**

December 16, 2005

Respectfully submitted by  
*Brenda Meidl*  
Senior Administrative Assistant  
Legal Services Division

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James Casebolt, Chair

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Meredith Williams, Executive Director